

BUSINESS TAX AMENDMENTS

2022 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lincoln Fillmore

House Sponsor: Casey Snider

LONG TITLE

General Description:

This bill amends tax provisions relating to property used in a business's operation.

Highlighted Provisions:

This bill:

- ▶ exempts supplies used in the course of business from personal property tax; and
- ▶ exempts certain tangible personal property consumed in the performance of a taxable service from sales and use tax.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

59-2-1115, as last amended by Laws of Utah 2021, Chapter 388

59-12-104, as last amended by Laws of Utah 2021, Chapters 280 and 367

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **59-2-1115** is amended to read:

59-2-1115. Exemption of certain tangible personal property.

(1) As used in this section:

(a) (i) "Item of taxable tangible personal property" does not include an improvement to real property or a part that will become an improvement.

30 (ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
31 commission may make rules defining the term "item of taxable tangible personal property."

32 (b) (i) "Supply" means taxable tangible personal property that is:

33 (A) not held for sale in the ordinary course of business;

34 (B) either carried on hand and for which no record of consumption is taken in ordinary
35 business or typically used up within the calendar year; and

36 (C) used in the provision of the taxpayer's business activity.

37 (ii) "Supply" includes an office supply, a shipping supply, a maintenance supply, a
38 replacement part, a lubricating oil, a fuel, or an item consumed in the course of operating the
39 business.

40 (iii) "Supply" does not include furniture, a fixture, machinery, equipment, a computer,
41 a cellular telephone, or a vehicle.

42 ~~[(b)]~~ (c) (i) "Taxable tangible personal property" means tangible personal property that
43 is subject to taxation under this chapter.

44 (ii) "Taxable tangible personal property" does not include:

45 (A) tangible personal property required by law to be registered with the state before it
46 is used on a public highway, public waterway, or public land or in the air;

47 (B) a mobile home as defined in Section 41-1a-102; or

48 (C) a manufactured home as defined in Section 41-1a-102.

49 (2) (a) In accordance with Utah Constitution, Article XIII, Section 3, Subsection
50 (2)(a)(vi), which provides that the Legislature may by statute exempt tangible personal property
51 that, if subject to property tax, would generate an inconsequential amount of revenue, the
52 Legislature exempts the tangible personal property described in this Subsection (2).

53 (b) The taxable tangible personal property of a taxpayer is exempt from taxation if the
54 taxable tangible personal property has a total aggregate taxable value per county of \$25,000 or
55 less.

56 (c) For an item of taxable tangible personal property that is not exempt under
57 Subsection (2)(b), the item is exempt from taxation if:

58 (i) the item is owned by a business and is not critical to the actual business operation of
59 the business; and

60 (ii) the acquisition cost of the item is less than \$500.

61 (d) A supply, including the cost of freight-in, is exempt from taxation.

62 (3) (a) For a calendar year beginning on or after January 1, 2023, the commission shall
63 increase the dollar amount described in Subsection (2)(b):

64 (i) by a percentage equal to the percentage difference between the consumer price
65 index for the preceding calendar year and the consumer price index for calendar year 2021; and

66 (ii) up to the nearest \$100 increment.

67 (b) For purposes of this Subsection (3), the commission shall calculate the consumer
68 price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

69 (c) If the percentage difference under Subsection (3)(a)(i) is zero or a negative
70 percentage, the consumer price index increase for the year is zero.

71 (4) (a) For the first calendar year in which a taxpayer qualifies for an exemption
72 described in Subsection (2)(b), a county assessor may require the taxpayer to file a signed
73 statement described in Section 59-2-306.

74 (b) Notwithstanding Section 59-2-306 and subject to Subsection (5), for a calendar
75 year in which a taxpayer qualifies for an exemption described in Subsection (2)(b) after the
76 calendar year described in Subsection (4)(a), a signed statement described in Section 59-2-306
77 with respect to the taxable tangible personal property that is exempt under Subsection (2)(b)
78 may only require the taxpayer to certify, under penalty of perjury, that the taxpayer qualifies for
79 the exemption under Subsection (2)(b).

80 (c) If a taxpayer qualifies for an exemption described in Subsection (2)(b) for five
81 consecutive years and files a signed statement for each of those years in accordance with
82 Section 59-2-306 and Subsection (4)(b), a county assessor may not require the taxpayer to file a
83 signed statement for each continuing consecutive year for which the taxpayer qualifies for the
84 exemption.

85 (d) If a taxpayer qualifies for an exemption described in Subsection (2)(c) for an item

86 of tangible taxable personal property or in Subsection (2)(d) for a supply, a county assessor
87 may not require the taxpayer to include the item on a signed statement described in Section
88 [59-2-306](#).

89 (5) A signed statement with respect to qualifying exempt primary residential rental
90 personal property is as provided in Section [59-2-103.5](#).

91 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
92 commission may make rules to administer this section and provide for uniform
93 implementation.

94 Section 2. Section **59-12-104** is amended to read:

95 **59-12-104. Exemptions.**

96 Exemptions from the taxes imposed by this chapter are as follows:

97 (1) sales of aviation fuel, motor fuel, and special fuel subject to a Utah state excise tax
98 under Chapter 13, Motor and Special Fuel Tax Act;

99 (2) subject to Section [59-12-104.6](#), sales to the state, its institutions, and its political
100 subdivisions; however, this exemption does not apply to sales of:

101 (a) construction materials except:

102 (i) construction materials purchased by or on behalf of institutions of the public
103 education system as defined in Utah Constitution, Article X, Section 2, provided the
104 construction materials are clearly identified and segregated and installed or converted to real
105 property which is owned by institutions of the public education system; and

106 (ii) construction materials purchased by the state, its institutions, or its political
107 subdivisions which are installed or converted to real property by employees of the state, its
108 institutions, or its political subdivisions; or

109 (b) tangible personal property in connection with the construction, operation,
110 maintenance, repair, or replacement of a project, as defined in Section [11-13-103](#), or facilities
111 providing additional project capacity, as defined in Section [11-13-103](#);

112 (3) (a) sales of an item described in Subsection (3)(b) from a vending machine if:

113 (i) the proceeds of each sale do not exceed \$1; and

114 (ii) the seller or operator of the vending machine reports an amount equal to 150% of
115 the cost of the item described in Subsection (3)(b) as goods consumed; and

116 (b) Subsection (3)(a) applies to:

117 (i) food and food ingredients; or

118 (ii) prepared food;

119 (4) (a) sales of the following to a commercial airline carrier for in-flight consumption:

120 (i) alcoholic beverages;

121 (ii) food and food ingredients; or

122 (iii) prepared food;

123 (b) sales of tangible personal property or a product transferred electronically:

124 (i) to a passenger;

125 (ii) by a commercial airline carrier; and

126 (iii) during a flight for in-flight consumption or in-flight use by the passenger; or

127 (c) services related to Subsection (4)(a) or (b);

128 (5) sales of parts and equipment for installation in an aircraft operated by a common
129 carrier in interstate or foreign commerce;

130 (6) sales of commercials, motion picture films, prerecorded audio program tapes or
131 records, and prerecorded video tapes by a producer, distributor, or studio to a motion picture
132 exhibitor, distributor, or commercial television or radio broadcaster;

133 (7) (a) except as provided in Subsection (85) and subject to Subsection (7)(b), sales of
134 cleaning or washing of tangible personal property if the cleaning or washing of the tangible
135 personal property is not assisted cleaning or washing of tangible personal property;

136 (b) if a seller that sells at the same business location assisted cleaning or washing of
137 tangible personal property and cleaning or washing of tangible personal property that is not
138 assisted cleaning or washing of tangible personal property, the exemption described in
139 Subsection (7)(a) applies if the seller separately accounts for the sales of the assisted cleaning
140 or washing of the tangible personal property; and

141 (c) for purposes of Subsection (7)(b) and in accordance with Title 63G, Chapter 3,

142 Utah Administrative Rulemaking Act, the commission may make rules:

143 (i) governing the circumstances under which sales are at the same business location;

144 and

145 (ii) establishing the procedures and requirements for a seller to separately account for
146 sales of assisted cleaning or washing of tangible personal property;

147 (8) sales made to or by religious or charitable institutions in the conduct of their regular
148 religious or charitable functions and activities, if the requirements of Section 59-12-104.1 are
149 fulfilled;

150 (9) sales of a vehicle of a type required to be registered under the motor vehicle laws of
151 this state if the vehicle is:

152 (a) not registered in this state; and

153 (b) (i) not used in this state; or

154 (ii) used in this state:

155 (A) if the vehicle is not used to conduct business, for a time period that does not
156 exceed the longer of:

157 (I) 30 days in any calendar year; or

158 (II) the time period necessary to transport the vehicle to the borders of this state; or

159 (B) if the vehicle is used to conduct business, for the time period necessary to transport
160 the vehicle to the borders of this state;

161 (10) (a) amounts paid for an item described in Subsection (10)(b) if:

162 (i) the item is intended for human use; and

163 (ii) (A) a prescription was issued for the item; or

164 (B) the item was purchased by a hospital or other medical facility; and

165 (b) (i) Subsection (10)(a) applies to:

166 (A) a drug;

167 (B) a syringe; or

168 (C) a stoma supply; and

169 (ii) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

170 commission may by rule define the terms:

171 (A) "syringe"; or

172 (B) "stoma supply";

173 (11) purchases or leases exempt under Section 19-12-201;

174 (12) (a) sales of an item described in Subsection (12)(c) served by:

175 (i) the following if the item described in Subsection (12)(c) is not available to the

176 general public:

177 (A) a church; or

178 (B) a charitable institution; or

179 (ii) an institution of higher education if:

180 (A) the item described in Subsection (12)(c) is not available to the general public; or

181 (B) the item described in Subsection (12)(c) is prepaid as part of a student meal plan

182 offered by the institution of higher education; or

183 (b) sales of an item described in Subsection (12)(c) provided for a patient by:

184 (i) a medical facility; or

185 (ii) a nursing facility; and

186 (c) Subsections (12)(a) and (b) apply to:

187 (i) food and food ingredients;

188 (ii) prepared food; or

189 (iii) alcoholic beverages;

190 (13) (a) except as provided in Subsection (13)(b), the sale of tangible personal property

191 or a product transferred electronically by a person:

192 (i) regardless of the number of transactions involving the sale of that tangible personal

193 property or product transferred electronically by that person; and

194 (ii) not regularly engaged in the business of selling that type of tangible personal

195 property or product transferred electronically;

196 (b) this Subsection (13) does not apply if:

197 (i) the sale is one of a series of sales of a character to indicate that the person is

198 regularly engaged in the business of selling that type of tangible personal property or product
199 transferred electronically;

200 (ii) the person holds that person out as regularly engaged in the business of selling that
201 type of tangible personal property or product transferred electronically;

202 (iii) the person sells an item of tangible personal property or product transferred
203 electronically that the person purchased as a sale that is exempt under Subsection (25); or

204 (iv) the sale is of a vehicle or vessel required to be titled or registered under the laws of
205 this state in which case the tax is based upon:

206 (A) the bill of sale or other written evidence of value of the vehicle or vessel being
207 sold; or

208 (B) in the absence of a bill of sale or other written evidence of value, the fair market
209 value of the vehicle or vessel being sold at the time of the sale as determined by the
210 commission; and

211 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
212 commission shall make rules establishing the circumstances under which:

213 (i) a person is regularly engaged in the business of selling a type of tangible personal
214 property or product transferred electronically;

215 (ii) a sale of tangible personal property or a product transferred electronically is one of
216 a series of sales of a character to indicate that a person is regularly engaged in the business of
217 selling that type of tangible personal property or product transferred electronically; or

218 (iii) a person holds that person out as regularly engaged in the business of selling a type
219 of tangible personal property or product transferred electronically;

220 (14) amounts paid or charged for a purchase or lease of machinery, equipment, normal
221 operating repair or replacement parts, or materials, except for office equipment or office
222 supplies, by:

223 (a) a manufacturing facility that:

224 (i) is located in the state; and

225 (ii) uses or consumes the machinery, equipment, normal operating repair or

226 replacement parts, or materials:

227 (A) in the manufacturing process to manufacture an item sold as tangible personal
228 property, as the commission may define that phrase in accordance with Title 63G, Chapter 3,
229 Utah Administrative Rulemaking Act; or

230 (B) for a scrap recycler, to process an item sold as tangible personal property, as the
231 commission may define that phrase in accordance with Title 63G, Chapter 3, Utah
232 Administrative Rulemaking Act;

233 (b) an establishment, as the commission defines that term in accordance with Title
234 63G, Chapter 3, Utah Administrative Rulemaking Act, that:

235 (i) is described in NAICS Subsector 212, Mining (except Oil and Gas), or NAICS
236 Code 213113, Support Activities for Coal Mining, 213114, Support Activities for Metal
237 Mining, or 213115, Support Activities for Nonmetallic Minerals (except Fuels) Mining, of the
238 2002 North American Industry Classification System of the federal Executive Office of the
239 President, Office of Management and Budget;

240 (ii) is located in the state; and

241 (iii) uses or consumes the machinery, equipment, normal operating repair or
242 replacement parts, or materials in:

243 (A) the production process to produce an item sold as tangible personal property, as the
244 commission may define that phrase in accordance with Title 63G, Chapter 3, Utah
245 Administrative Rulemaking Act;

246 (B) research and development, as the commission may define that phrase in accordance
247 with Title 63G, Chapter 3, Utah Administrative Rulemaking Act;

248 (C) transporting, storing, or managing tailings, overburden, or similar waste materials
249 produced from mining;

250 (D) developing or maintaining a road, tunnel, excavation, or similar feature used in
251 mining; or

252 (E) preventing, controlling, or reducing dust or other pollutants from mining; or

253 (c) an establishment, as the commission defines that term in accordance with Title 63G,

254 Chapter 3, Utah Administrative Rulemaking Act, that:

255 (i) is described in NAICS Code 518112, Web Search Portals, of the 2002 North
256 American Industry Classification System of the federal Executive Office of the President,
257 Office of Management and Budget;

258 (ii) is located in the state; and

259 (iii) uses or consumes the machinery, equipment, normal operating repair or
260 replacement parts, or materials in the operation of the web search portal;

261 (15) (a) sales of the following if the requirements of Subsection (15)(b) are met:

262 (i) tooling;

263 (ii) special tooling;

264 (iii) support equipment;

265 (iv) special test equipment; or

266 (v) parts used in the repairs or renovations of tooling or equipment described in
267 Subsections (15)(a)(i) through (iv); and

268 (b) sales of tooling, equipment, or parts described in Subsection (15)(a) are exempt if:

269 (i) the tooling, equipment, or parts are used or consumed exclusively in the
270 performance of any aerospace or electronics industry contract with the United States
271 government or any subcontract under that contract; and

272 (ii) under the terms of the contract or subcontract described in Subsection (15)(b)(i),
273 title to the tooling, equipment, or parts is vested in the United States government as evidenced
274 by:

275 (A) a government identification tag placed on the tooling, equipment, or parts; or

276 (B) listing on a government-approved property record if placing a government
277 identification tag on the tooling, equipment, or parts is impractical;

278 (16) sales of newspapers or newspaper subscriptions;

279 (17) (a) except as provided in Subsection (17)(b), tangible personal property or a
280 product transferred electronically traded in as full or part payment of the purchase price, except
281 that for purposes of calculating sales or use tax upon vehicles not sold by a vehicle dealer,

282 trade-ins are limited to other vehicles only, and the tax is based upon:

283 (i) the bill of sale or other written evidence of value of the vehicle being sold and the
284 vehicle being traded in; or

285 (ii) in the absence of a bill of sale or other written evidence of value, the then existing
286 fair market value of the vehicle being sold and the vehicle being traded in, as determined by the
287 commission; and

288 (b) Subsection (17)(a) does not apply to the following items of tangible personal
289 property or products transferred electronically traded in as full or part payment of the purchase
290 price:

291 (i) money;

292 (ii) electricity;

293 (iii) water;

294 (iv) gas; or

295 (v) steam;

296 (18) (a) (i) except as provided in Subsection (18)(b), sales of tangible personal property
297 or a product transferred electronically used or consumed primarily and directly in farming
298 operations, regardless of whether the tangible personal property or product transferred
299 electronically:

300 (A) becomes part of real estate; or

301 (B) is installed by a farmer, contractor, or subcontractor; or

302 (ii) sales of parts used in the repairs or renovations of tangible personal property or a
303 product transferred electronically if the tangible personal property or product transferred
304 electronically is exempt under Subsection (18)(a)(i); and

305 (b) amounts paid or charged for the following are subject to the taxes imposed by this
306 chapter:

307 (i) (A) subject to Subsection (18)(b)(i)(B), machinery, equipment, materials, or
308 supplies if used in a manner that is incidental to farming; and

309 (B) tangible personal property that is considered to be used in a manner that is

310 incidental to farming includes:

311 (I) hand tools; or

312 (II) maintenance and janitorial equipment and supplies;

313 (ii) (A) subject to Subsection (18)(b)(ii)(B), tangible personal property or a product

314 transferred electronically if the tangible personal property or product transferred electronically

315 is used in an activity other than farming; and

316 (B) tangible personal property or a product transferred electronically that is considered

317 to be used in an activity other than farming includes:

318 (I) office equipment and supplies; or

319 (II) equipment and supplies used in:

320 (Aa) the sale or distribution of farm products;

321 (Bb) research; or

322 (Cc) transportation; or

323 (iii) a vehicle required to be registered by the laws of this state during the period

324 ending two years after the date of the vehicle's purchase;

325 (19) sales of hay;

326 (20) exclusive sale during the harvest season of seasonal crops, seedling plants, or

327 garden, farm, or other agricultural produce if the seasonal crops are, seedling plants are, or

328 garden, farm, or other agricultural produce is sold by:

329 (a) the producer of the seasonal crops, seedling plants, or garden, farm, or other

330 agricultural produce;

331 (b) an employee of the producer described in Subsection (20)(a); or

332 (c) a member of the immediate family of the producer described in Subsection (20)(a);

333 (21) purchases made using a coupon as defined in 7 U.S.C. Sec. 2012 that is issued

334 under the Food Stamp Program, 7 U.S.C. Sec. 2011 et seq.;

335 (22) sales of nonreturnable containers, nonreturnable labels, nonreturnable bags,

336 nonreturnable shipping cases, and nonreturnable casings to a manufacturer, processor,

337 wholesaler, or retailer for use in packaging tangible personal property to be sold by that

338 manufacturer, processor, wholesaler, or retailer;

339 (23) a product stored in the state for resale;

340 (24) (a) purchases of a product if:

341 (i) the product is:

342 (A) purchased outside of this state;

343 (B) brought into this state:

344 (I) at any time after the purchase described in Subsection (24)(a)(i)(A); and

345 (II) by a nonresident person who is not living or working in this state at the time of the

346 purchase;

347 (C) used for the personal use or enjoyment of the nonresident person described in

348 Subsection (24)(a)(i)(B)(II) while that nonresident person is within the state; and

349 (D) not used in conducting business in this state; and

350 (ii) for:

351 (A) a product other than a boat described in Subsection (24)(a)(ii)(B), the first use of

352 the product for a purpose for which the product is designed occurs outside of this state;

353 (B) a boat, the boat is registered outside of this state; or

354 (C) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered

355 outside of this state;

356 (b) the exemption provided for in Subsection (24)(a) does not apply to:

357 (i) a lease or rental of a product; or

358 (ii) a sale of a vehicle exempt under Subsection (33); and

359 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for

360 purposes of Subsection (24)(a), the commission may by rule define what constitutes the

361 following:

362 (i) conducting business in this state if that phrase has the same meaning in this

363 Subsection (24) as in Subsection (63);

364 (ii) the first use of a product if that phrase has the same meaning in this Subsection (24)

365 as in Subsection (63); or

366 (iii) a purpose for which a product is designed if that phrase has the same meaning in
367 this Subsection (24) as in Subsection (63);

368 (25) a product purchased for resale in the regular course of business, either in its
369 original form or as an ingredient or component part of a manufactured or compounded product;

370 (26) a product upon which a sales or use tax was paid to some other state, or one of its
371 subdivisions, except that the state shall be paid any difference between the tax paid and the tax
372 imposed by this part and Part 2, Local Sales and Use Tax Act, and no adjustment is allowed if
373 the tax paid was greater than the tax imposed by this part and Part 2, Local Sales and Use Tax
374 Act;

375 (27) any sale of a service described in Subsections 59-12-103(1)(b), (c), and (d) to a
376 person for use in compounding a service taxable under the subsections;

377 (28) purchases made in accordance with the special supplemental nutrition program for
378 women, infants, and children established in 42 U.S.C. Sec. 1786;

379 (29) sales or leases of rolls, rollers, refractory brick, electric motors, or other
380 replacement parts used in the furnaces, mills, or ovens of a steel mill described in SIC Code
381 3312 of the 1987 Standard Industrial Classification Manual of the federal Executive Office of
382 the President, Office of Management and Budget;

383 (30) sales of a boat of a type required to be registered under Title 73, Chapter 18, State
384 Boating Act, a boat trailer, or an outboard motor if the boat, boat trailer, or outboard motor is:

385 (a) not registered in this state; and

386 (b) (i) not used in this state; or

387 (ii) used in this state:

388 (A) if the boat, boat trailer, or outboard motor is not used to conduct business, for a
389 time period that does not exceed the longer of:

390 (I) 30 days in any calendar year; or

391 (II) the time period necessary to transport the boat, boat trailer, or outboard motor to
392 the borders of this state; or

393 (B) if the boat, boat trailer, or outboard motor is used to conduct business, for the time

394 period necessary to transport the boat, boat trailer, or outboard motor to the borders of this
395 state;

396 (31) sales of aircraft manufactured in Utah;

397 (32) amounts paid for the purchase of telecommunications service for purposes of
398 providing telecommunications service;

399 (33) sales, leases, or uses of the following:

400 (a) a vehicle by an authorized carrier; or

401 (b) tangible personal property that is installed on a vehicle:

402 (i) sold or leased to or used by an authorized carrier; and

403 (ii) before the vehicle is placed in service for the first time;

404 (34) (a) 45% of the sales price of any new manufactured home; and

405 (b) 100% of the sales price of any used manufactured home;

406 (35) sales relating to schools and fundraising sales;

407 (36) sales or rentals of durable medical equipment if:

408 (a) a person presents a prescription for the durable medical equipment; and

409 (b) the durable medical equipment is used for home use only;

410 (37) (a) sales to a ski resort of electricity to operate a passenger ropeway as defined in
411 Section [72-11-102](#); and

412 (b) the commission shall by rule determine the method for calculating sales exempt
413 under Subsection (37)(a) that are not separately metered and accounted for in utility billings;

414 (38) sales to a ski resort of:

415 (a) snowmaking equipment;

416 (b) ski slope grooming equipment;

417 (c) passenger ropeways as defined in Section [72-11-102](#); or

418 (d) parts used in the repairs or renovations of equipment or passenger ropeways
419 described in Subsections (38)(a) through (c);

420 (39) subject to Subsection [59-12-103\(2\)\(j\)](#), sales of natural gas, electricity, heat, coal,
421 fuel oil, or other fuels for industrial use;

422 (40) (a) subject to Subsection (40)(b), sales or rentals of the right to use or operate for
423 amusement, entertainment, or recreation an unassisted amusement device as defined in Section
424 [59-12-102](#);

425 (b) if a seller that sells or rents at the same business location the right to use or operate
426 for amusement, entertainment, or recreation one or more unassisted amusement devices and
427 one or more assisted amusement devices, the exemption described in Subsection (40)(a)
428 applies if the seller separately accounts for the sales or rentals of the right to use or operate for
429 amusement, entertainment, or recreation for the assisted amusement devices; and

430 (c) for purposes of Subsection (40)(b) and in accordance with Title 63G, Chapter 3,
431 Utah Administrative Rulemaking Act, the commission may make rules:

432 (i) governing the circumstances under which sales are at the same business location;
433 and

434 (ii) establishing the procedures and requirements for a seller to separately account for
435 the sales or rentals of the right to use or operate for amusement, entertainment, or recreation for
436 assisted amusement devices;

437 (41) (a) sales of photocopies by:

438 (i) a governmental entity; or

439 (ii) an entity within the state system of public education, including:

440 (A) a school; or

441 (B) the State Board of Education; or

442 (b) sales of publications by a governmental entity;

443 (42) amounts paid for admission to an athletic event at an institution of higher
444 education that is subject to the provisions of Title IX of the Education Amendments of 1972,
445 20 U.S.C. Sec. 1681 et seq.;

446 (43) (a) sales made to or by:

447 (i) an area agency on aging; or

448 (ii) a senior citizen center owned by a county, city, or town; or

449 (b) sales made by a senior citizen center that contracts with an area agency on aging;

450 (44) sales or leases of semiconductor fabricating, processing, research, or development
451 materials regardless of whether the semiconductor fabricating, processing, research, or
452 development materials:

453 (a) actually come into contact with a semiconductor; or

454 (b) ultimately become incorporated into real property;

455 (45) an amount paid by or charged to a purchaser for accommodations and services
456 described in Subsection 59-12-103(1)(i) to the extent the amount is exempt under Section
457 59-12-104.2;

458 (46) the lease or use of a vehicle issued a temporary sports event registration certificate
459 in accordance with Section 41-3-306 for the event period specified on the temporary sports
460 event registration certificate;

461 (47) (a) sales or uses of electricity, if the sales or uses are made under a retail tariff
462 adopted by the Public Service Commission only for purchase of electricity produced from a
463 new alternative energy source built after January 1, 2016, as designated in the tariff by the
464 Public Service Commission; and

465 (b) for a residential use customer only, the exemption under Subsection (47)(a) applies
466 only to the portion of the tariff rate a customer pays under the tariff described in Subsection
467 (47)(a) that exceeds the tariff rate under the tariff described in Subsection (47)(a) that the
468 customer would have paid absent the tariff;

469 (48) sales or rentals of mobility enhancing equipment if a person presents a
470 prescription for the mobility enhancing equipment;

471 (49) sales of water in a:

472 (a) pipe;

473 (b) conduit;

474 (c) ditch; or

475 (d) reservoir;

476 (50) sales of currency or coins that constitute legal tender of a state, the United States,
477 or a foreign nation;

478 (51) (a) sales of an item described in Subsection (51)(b) if the item:
479 (i) does not constitute legal tender of a state, the United States, or a foreign nation; and
480 (ii) has a gold, silver, or platinum content of 50% or more; and
481 (b) Subsection (51)(a) applies to a gold, silver, or platinum:
482 (i) ingot;
483 (ii) bar;
484 (iii) medallion; or
485 (iv) decorative coin;
486 (52) amounts paid on a sale-leaseback transaction;
487 (53) sales of a prosthetic device:
488 (a) for use on or in a human; and
489 (b) (i) for which a prescription is required; or
490 (ii) if the prosthetic device is purchased by a hospital or other medical facility;
491 (54) (a) except as provided in Subsection (54)(b), purchases, leases, or rentals of
492 machinery or equipment by an establishment described in Subsection (54)(c) if the machinery
493 or equipment is primarily used in the production or postproduction of the following media for
494 commercial distribution:
495 (i) a motion picture;
496 (ii) a television program;
497 (iii) a movie made for television;
498 (iv) a music video;
499 (v) a commercial;
500 (vi) a documentary; or
501 (vii) a medium similar to Subsections (54)(a)(i) through (vi) as determined by the
502 commission by administrative rule made in accordance with Subsection (54)(d); or
503 (b) purchases, leases, or rentals of machinery or equipment by an establishment
504 described in Subsection (54)(c) that is used for the production or postproduction of the
505 following are subject to the taxes imposed by this chapter:

506 (i) a live musical performance;
507 (ii) a live news program; or
508 (iii) a live sporting event;
509 (c) the following establishments listed in the 1997 North American Industry
510 Classification System of the federal Executive Office of the President, Office of Management
511 and Budget, apply to Subsections (54)(a) and (b):
512 (i) NAICS Code 512110; or
513 (ii) NAICS Code 51219; and
514 (d) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
515 commission may by rule:
516 (i) prescribe what constitutes a medium similar to Subsections (54)(a)(i) through (vi);
517 or
518 (ii) define:
519 (A) "commercial distribution";
520 (B) "live musical performance";
521 (C) "live news program"; or
522 (D) "live sporting event";
523 (55) (a) leases of seven or more years or purchases made on or after July 1, 2004, but
524 on or before June 30, 2027, of tangible personal property that:
525 (i) is leased or purchased for or by a facility that:
526 (A) is an alternative energy electricity production facility;
527 (B) is located in the state; and
528 (C) (I) becomes operational on or after July 1, 2004; or
529 (II) has its generation capacity increased by one or more megawatts on or after July 1,
530 2004, as a result of the use of the tangible personal property;
531 (ii) has an economic life of five or more years; and
532 (iii) is used to make the facility or the increase in capacity of the facility described in
533 Subsection (55)(a)(i) operational up to the point of interconnection with an existing

534 transmission grid including:

535 (A) a wind turbine;

536 (B) generating equipment;

537 (C) a control and monitoring system;

538 (D) a power line;

539 (E) substation equipment;

540 (F) lighting;

541 (G) fencing;

542 (H) pipes; or

543 (I) other equipment used for locating a power line or pole; and

544 (b) this Subsection (55) does not apply to:

545 (i) tangible personal property used in construction of:

546 (A) a new alternative energy electricity production facility; or

547 (B) the increase in the capacity of an alternative energy electricity production facility;

548 (ii) contracted services required for construction and routine maintenance activities;

549 and

550 (iii) unless the tangible personal property is used or acquired for an increase in capacity

551 of the facility described in Subsection (55)(a)(i)(C)(II), tangible personal property used or

552 acquired after:

553 (A) the alternative energy electricity production facility described in Subsection

554 (55)(a)(i) is operational as described in Subsection (55)(a)(iii); or

555 (B) the increased capacity described in Subsection (55)(a)(i) is operational as described

556 in Subsection (55)(a)(iii);

557 (56) (a) leases of seven or more years or purchases made on or after July 1, 2004, but

558 on or before June 30, 2027, of tangible personal property that:

559 (i) is leased or purchased for or by a facility that:

560 (A) is a waste energy production facility;

561 (B) is located in the state; and

562 (C) (I) becomes operational on or after July 1, 2004; or
563 (II) has its generation capacity increased by one or more megawatts on or after July 1,
564 2004, as a result of the use of the tangible personal property;
565 (ii) has an economic life of five or more years; and
566 (iii) is used to make the facility or the increase in capacity of the facility described in
567 Subsection (56)(a)(i) operational up to the point of interconnection with an existing
568 transmission grid including:
569 (A) generating equipment;
570 (B) a control and monitoring system;
571 (C) a power line;
572 (D) substation equipment;
573 (E) lighting;
574 (F) fencing;
575 (G) pipes; or
576 (H) other equipment used for locating a power line or pole; and
577 (b) this Subsection (56) does not apply to:
578 (i) tangible personal property used in construction of:
579 (A) a new waste energy facility; or
580 (B) the increase in the capacity of a waste energy facility;
581 (ii) contracted services required for construction and routine maintenance activities;
582 and
583 (iii) unless the tangible personal property is used or acquired for an increase in capacity
584 described in Subsection (56)(a)(i)(C)(II), tangible personal property used or acquired after:
585 (A) the waste energy facility described in Subsection (56)(a)(i) is operational as
586 described in Subsection (56)(a)(iii); or
587 (B) the increased capacity described in Subsection (56)(a)(i) is operational as described
588 in Subsection (56)(a)(iii);
589 (57) (a) leases of five or more years or purchases made on or after July 1, 2004, but on

590 or before June 30, 2027, of tangible personal property that:

591 (i) is leased or purchased for or by a facility that:

592 (A) is located in the state;

593 (B) produces fuel from alternative energy, including:

594 (I) methanol; or

595 (II) ethanol; and

596 (C) (I) becomes operational on or after July 1, 2004; or

597 (II) has its capacity to produce fuel increase by 25% or more on or after July 1, 2004, as

598 a result of the installation of the tangible personal property;

599 (ii) has an economic life of five or more years; and

600 (iii) is installed on the facility described in Subsection (57)(a)(i);

601 (b) this Subsection (57) does not apply to:

602 (i) tangible personal property used in construction of:

603 (A) a new facility described in Subsection (57)(a)(i); or

604 (B) the increase in capacity of the facility described in Subsection (57)(a)(i); or

605 (ii) contracted services required for construction and routine maintenance activities;

606 and

607 (iii) unless the tangible personal property is used or acquired for an increase in capacity

608 described in Subsection (57)(a)(i)(C)(II), tangible personal property used or acquired after:

609 (A) the facility described in Subsection (57)(a)(i) is operational; or

610 (B) the increased capacity described in Subsection (57)(a)(i) is operational;

611 (58) (a) subject to Subsection (58)(b), sales of tangible personal property or a product

612 transferred electronically to a person within this state if that tangible personal property or

613 product transferred electronically is subsequently shipped outside the state and incorporated

614 pursuant to contract into and becomes a part of real property located outside of this state; and

615 (b) the exemption under Subsection (58)(a) is not allowed to the extent that the other

616 state or political entity to which the tangible personal property is shipped imposes a sales, use,

617 gross receipts, or other similar transaction excise tax on the transaction against which the other

618 state or political entity allows a credit for sales and use taxes imposed by this chapter;
619 (59) purchases:
620 (a) of one or more of the following items in printed or electronic format:
621 (i) a list containing information that includes one or more:
622 (A) names; or
623 (B) addresses; or
624 (ii) a database containing information that includes one or more:
625 (A) names; or
626 (B) addresses; and
627 (b) used to send direct mail;
628 (60) redemptions or repurchases of a product by a person if that product was:
629 (a) delivered to a pawnbroker as part of a pawn transaction; and
630 (b) redeemed or repurchased within the time period established in a written agreement
631 between the person and the pawnbroker for redeeming or repurchasing the product;
632 (61) (a) purchases or leases of an item described in Subsection (61)(b) if the item:
633 (i) is purchased or leased by, or on behalf of, a telecommunications service provider;
634 and
635 (ii) has a useful economic life of one or more years; and
636 (b) the following apply to Subsection (61)(a):
637 (i) telecommunications enabling or facilitating equipment, machinery, or software;
638 (ii) telecommunications equipment, machinery, or software required for 911 service;
639 (iii) telecommunications maintenance or repair equipment, machinery, or software;
640 (iv) telecommunications switching or routing equipment, machinery, or software; or
641 (v) telecommunications transmission equipment, machinery, or software;
642 (62) (a) beginning on July 1, 2006, and ending on June 30, 2027, purchases of tangible
643 personal property or a product transferred electronically that are used in the research and
644 development of alternative energy technology; and
645 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

646 commission may, for purposes of Subsection (62)(a), make rules defining what constitutes
647 purchases of tangible personal property or a product transferred electronically that are used in
648 the research and development of alternative energy technology;

649 (63) (a) purchases of tangible personal property or a product transferred electronically
650 if:

651 (i) the tangible personal property or product transferred electronically is:

652 (A) purchased outside of this state;

653 (B) brought into this state at any time after the purchase described in Subsection

654 (63)(a)(i)(A); and

655 (C) used in conducting business in this state; and

656 (ii) for:

657 (A) tangible personal property or a product transferred electronically other than the
658 tangible personal property described in Subsection (63)(a)(ii)(B), the first use of the property
659 for a purpose for which the property is designed occurs outside of this state; or

660 (B) a vehicle other than a vehicle sold to an authorized carrier, the vehicle is registered
661 outside of this state and not required to be registered in this state under Section [41-1a-202](#) or
662 [73-18-9](#) based on residency;

663 (b) the exemption provided for in Subsection (63)(a) does not apply to:

664 (i) a lease or rental of tangible personal property or a product transferred electronically;

665 or

666 (ii) a sale of a vehicle exempt under Subsection (33); and

667 (c) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for
668 purposes of Subsection (63)(a), the commission may by rule define what constitutes the
669 following:

670 (i) conducting business in this state if that phrase has the same meaning in this
671 Subsection (63) as in Subsection (24);

672 (ii) the first use of tangible personal property or a product transferred electronically if
673 that phrase has the same meaning in this Subsection (63) as in Subsection (24); or

674 (iii) a purpose for which tangible personal property or a product transferred
675 electronically is designed if that phrase has the same meaning in this Subsection (63) as in
676 Subsection (24);

677 (64) sales of disposable home medical equipment or supplies if:

678 (a) a person presents a prescription for the disposable home medical equipment or
679 supplies;

680 (b) the disposable home medical equipment or supplies are used exclusively by the
681 person to whom the prescription described in Subsection (64)(a) is issued; and

682 (c) the disposable home medical equipment and supplies are listed as eligible for
683 payment under:

684 (i) Title XVIII, federal Social Security Act; or

685 (ii) the state plan for medical assistance under Title XIX, federal Social Security Act;

686 (65) sales:

687 (a) to a public transit district under Title 17B, Chapter 2a, Part 8, Public Transit
688 District Act; or

689 (b) of tangible personal property to a subcontractor of a public transit district, if the
690 tangible personal property is:

691 (i) clearly identified; and

692 (ii) installed or converted to real property owned by the public transit district;

693 (66) sales of construction materials:

694 (a) purchased on or after July 1, 2010;

695 (b) purchased by, on behalf of, or for the benefit of an international airport:

696 (i) located within a county of the first class; and

697 (ii) that has a United States customs office on its premises; and

698 (c) if the construction materials are:

699 (i) clearly identified;

700 (ii) segregated; and

701 (iii) installed or converted to real property:

- 702 (A) owned or operated by the international airport described in Subsection (66)(b); and
- 703 (B) located at the international airport described in Subsection (66)(b);
- 704 (67) sales of construction materials:
 - 705 (a) purchased on or after July 1, 2008;
 - 706 (b) purchased by, on behalf of, or for the benefit of a new airport:
 - 707 (i) located within a county of the second class; and
 - 708 (ii) that is owned or operated by a city in which an airline as defined in Section
 - 709 [59-2-102](#) is headquartered; and
 - 710 (c) if the construction materials are:
 - 711 (i) clearly identified;
 - 712 (ii) segregated; and
 - 713 (iii) installed or converted to real property:
- 714 (A) owned or operated by the new airport described in Subsection (67)(b);
- 715 (B) located at the new airport described in Subsection (67)(b); and
- 716 (C) as part of the construction of the new airport described in Subsection (67)(b);
- 717 (68) except for the tax imposed by Subsection [59-12-103\(2\)\(d\)](#), sales of fuel to a
- 718 common carrier that is a railroad for use in a locomotive engine;
- 719 (69) purchases and sales described in Section [63H-4-111](#);
- 720 (70) (a) sales of tangible personal property to an aircraft maintenance, repair, and
- 721 overhaul provider for use in the maintenance, repair, overhaul, or refurbishment in this state of
- 722 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration
- 723 lists a state or country other than this state as the location of registry of the fixed wing turbine
- 724 powered aircraft; or
- 725 (b) sales of tangible personal property by an aircraft maintenance, repair, and overhaul
- 726 provider in connection with the maintenance, repair, overhaul, or refurbishment in this state of
- 727 a fixed wing turbine powered aircraft if that fixed wing turbine powered aircraft's registration
- 728 lists a state or country other than this state as the location of registry of the fixed wing turbine
- 729 powered aircraft;

730 (71) subject to Section 59-12-104.4, sales of a textbook for a higher education course:

731 (a) to a person admitted to an institution of higher education; and

732 (b) by a seller, other than a bookstore owned by an institution of higher education, if

733 51% or more of that seller's sales revenue for the previous calendar quarter are sales of a

734 textbook for a higher education course;

735 (72) a license fee or tax a municipality imposes in accordance with Subsection

736 10-1-203(5) on a purchaser from a business for which the municipality provides an enhanced

737 level of municipal services;

738 (73) amounts paid or charged for construction materials used in the construction of a

739 new or expanding life science research and development facility in the state, if the construction

740 materials are:

741 (a) clearly identified;

742 (b) segregated; and

743 (c) installed or converted to real property;

744 (74) amounts paid or charged for:

745 (a) a purchase or lease of machinery and equipment that:

746 (i) are used in performing qualified research:

747 (A) as defined in Section 41(d), Internal Revenue Code; and

748 (B) in the state; and

749 (ii) have an economic life of three or more years; and

750 (b) normal operating repair or replacement parts:

751 (i) for the machinery and equipment described in Subsection (74)(a); and

752 (ii) that have an economic life of three or more years;

753 (75) a sale or lease of tangible personal property used in the preparation of prepared

754 food if:

755 (a) for a sale:

756 (i) the ownership of the seller and the ownership of the purchaser are identical; and

757 (ii) the seller or the purchaser paid a tax under this chapter on the purchase of that

758 tangible personal property prior to making the sale; or
759 (b) for a lease:
760 (i) the ownership of the lessor and the ownership of the lessee are identical; and
761 (ii) the lessor or the lessee paid a tax under this chapter on the purchase of that tangible
762 personal property prior to making the lease;
763 (76) (a) purchases of machinery or equipment if:
764 (i) the purchaser is an establishment described in NAICS Subsector 713, Amusement,
765 Gambling, and Recreation Industries, of the 2012 North American Industry Classification
766 System of the federal Executive Office of the President, Office of Management and Budget;
767 (ii) the machinery or equipment:
768 (A) has an economic life of three or more years; and
769 (B) is used by one or more persons who pay admission or user fees described in
770 Subsection 59-12-103(1)(f) to the purchaser of the machinery and equipment; and
771 (iii) 51% or more of the purchaser's sales revenue for the previous calendar quarter is:
772 (A) amounts paid or charged as admission or user fees described in Subsection
773 59-12-103(1)(f); and
774 (B) subject to taxation under this chapter; and
775 (b) in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
776 commission may make rules for verifying that 51% of a purchaser's sales revenue for the
777 previous calendar quarter is:
778 (i) amounts paid or charged as admission or user fees described in Subsection
779 59-12-103(1)(f); and
780 (ii) subject to taxation under this chapter;
781 (77) purchases of a short-term lodging consumable by a business that provides
782 accommodations and services described in Subsection 59-12-103(1)(i);
783 (78) amounts paid or charged to access a database:
784 (a) if the primary purpose for accessing the database is to view or retrieve information
785 from the database; and

- 786 (b) not including amounts paid or charged for a:
- 787 (i) digital audio work;
- 788 (ii) digital audio-visual work; or
- 789 (iii) digital book;
- 790 (79) amounts paid or charged for a purchase or lease made by an electronic financial
- 791 payment service, of:
- 792 (a) machinery and equipment that:
- 793 (i) are used in the operation of the electronic financial payment service; and
- 794 (ii) have an economic life of three or more years; and
- 795 (b) normal operating repair or replacement parts that:
- 796 (i) are used in the operation of the electronic financial payment service; and
- 797 (ii) have an economic life of three or more years;
- 798 (80) sales of a fuel cell as defined in Section [54-15-102](#);
- 799 (81) amounts paid or charged for a purchase or lease of tangible personal property or a
- 800 product transferred electronically if the tangible personal property or product transferred
- 801 electronically:
- 802 (a) is stored, used, or consumed in the state; and
- 803 (b) is temporarily brought into the state from another state:
- 804 (i) during a disaster period as defined in Section [53-2a-1202](#);
- 805 (ii) by an out-of-state business as defined in Section [53-2a-1202](#);
- 806 (iii) for a declared state disaster or emergency as defined in Section [53-2a-1202](#); and
- 807 (iv) for disaster- or emergency-related work as defined in Section [53-2a-1202](#);
- 808 (82) sales of goods and services at a morale, welfare, and recreation facility, as defined
- 809 in Section [39-9-102](#), made pursuant to Title 39, Chapter 9, State Morale, Welfare, and
- 810 Recreation Program;
- 811 (83) amounts paid or charged for a purchase or lease of molten magnesium;
- 812 (84) amounts paid or charged for a purchase or lease made by a qualifying data center
- 813 or an occupant of a qualifying data center of machinery, equipment, or normal operating repair

814 or replacement parts, if the machinery, equipment, or normal operating repair or replacement
815 parts:

816 (a) are used in:

817 (i) the operation of the qualifying data center; or

818 (ii) the occupant's operations in the qualifying data center; and

819 (b) have an economic life of one or more years;

820 (85) sales of cleaning or washing of a vehicle, except for cleaning or washing of a
821 vehicle that includes cleaning or washing of the interior of the vehicle;

822 (86) amounts paid or charged for a purchase or lease of machinery, equipment, normal
823 operating repair or replacement parts, catalysts, chemicals, reagents, solutions, or supplies used
824 or consumed:

825 (a) by a refiner who owns, leases, operates, controls, or supervises a refinery as defined
826 in Section 79-6-701 located in the state;

827 (b) if the machinery, equipment, normal operating repair or replacement parts,
828 catalysts, chemicals, reagents, solutions, or supplies are used or consumed in:

829 (i) the production process to produce gasoline or diesel fuel, or at which blendstock is
830 added to gasoline or diesel fuel;

831 (ii) research and development;

832 (iii) transporting, storing, or managing raw materials, work in process, finished
833 products, and waste materials produced from refining gasoline or diesel fuel, or adding
834 blendstock to gasoline or diesel fuel;

835 (iv) developing or maintaining a road, tunnel, excavation, or similar feature used in
836 refining; or

837 (v) preventing, controlling, or reducing pollutants from refining; and

838 (c) if the person holds a valid refiner tax exemption certification as defined in Section
839 [79-6-701](#);

840 (87) amounts paid to or charged by a proprietor for accommodations and services, as
841 defined in Section [63H-1-205](#), if the proprietor is subject to the MIDA accommodations tax

842 imposed under Section [63H-1-205](#);

843 (88) amounts paid or charged for a purchase or lease of machinery, equipment, normal
844 operating repair or replacement parts, or materials, except for office equipment or office
845 supplies, by an establishment, as the commission defines that term in accordance with Title
846 63G, Chapter 3, Utah Administrative Rulemaking Act, that:

847 (a) is described in NAICS Code 621511, Medical Laboratories, of the 2017 North
848 American Industry Classification System of the federal Executive Office of the President,
849 Office of Management and Budget;

850 (b) is located in this state; and

851 (c) uses the machinery, equipment, normal operating repair or replacement parts, or
852 materials in the operation of the establishment; ~~and~~

853 (89) amounts paid or charged for an item exempt under Section [59-12-104.10](#)[-]; and

854 (90) amounts paid by the service provider for tangible personal property, other than
855 machinery, equipment, parts, office supplies, electricity, gas, heat, steam, or other fuels, that:

856 (a) is consumed in the performance of a service that is subject to tax under Subsection
857 [59-12-103](#)(1)(b), (f), (g), (h), (i), or (j);

858 (b) has to be consumed for the service provider to provide the service described in
859 Subsection (90)(a); and

860 (c) will be consumed in the performance of the service described in Subsection (90)(a),
861 to one or more customers, to the point that the tangible personal property disappears or cannot
862 be used for any other purpose.

863 Section 3. **Effective date.**

864 (1) Except as provided in Subsection (2), this bill takes effect on July 1, 2022.

865 (2) The changes to Section [59-2-1115](#) take effect on January 1, 2023.